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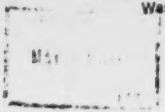
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549



FORM 10-Q

0-92-2260

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number 0-508

SIERRA PACIFIC POWER COMPANY

(Exact name of registrant as specified in its charter)

NEVADA	88-0044418
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6100 Neil Road (P.O. Box 10100) Reno, Nevada (Address of principal executive office)	89520-0400 (Zip Code)

PROCESSED BY
MAY 14 1992
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Q-Data Corp. - St. Petersburg, FL

(702) 689-4286
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate the number of shares outstanding of each of the issuer's class of Common Stock, as of the latest practicable date.

Class	Outstanding at May 12, 1992
Common Stock, $3.75 par value	1,000 Shares

BEST COPY AVAILABLE

SIERRA PACIFIC POWER COMPANY
QUARTERLY REPORT FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 1992

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Coopers
&Lybrand

certified public accountants

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholder
of Sierra Pacific Power Company:

We have reviewed the balance sheet of Sierra Pacific Power Company as of March 31, 1992, and the related statements of income and cash flows for the three-month periods ended March 31, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet and statement of capitalization of Sierra Pacific Power Company as of December 31, 1991, and the related statements of income, common shareholder's equity, and cash flows for the year then ended (not presented herein); and in our report dated February 14, 1991, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 1991 is fairly stated in all material respects in relation to the balance sheet from which it has been derived.

Coopers & Lybrand

San Francisco, California
May 1, 1992

SIERRA PACIFIC POWER COMPANY
BALANCE SHEET
(Thousands of Dollars)

	March 31, 1992 (unaudited)	December 31, 1991
ASSETS		
Utility Plant at Original Cost:		
Plant in service	$1,455,152	$1,446,532
Less accumulated provision for depreciation	401,138	391,068
	1,054,014	1,055,464
Construction work in progress	48,454	38,749
	1,102,468	1,094,213
Non-utility Investments	1,510	1,510
Current Assets:		
Cash and cash equivalents	6,561	3,071
Accounts receivable less provision for uncollectible accounts: $992 at March 31, 1992 and $948 at December 31, 1991	46,176	52,071
Materials, supplies and fuel, at average cost	32,147	34,811
Prepayments and other	4,435	3,436
	89,319	93,389
Deferred Charges:		
Deferred energy costs	8,081	6,181
Accumulated deferred federal income taxes	17,814	17,446
Other assets	67,120	65,381
	93,015	89,008
	$1,286,312	$1,278,120
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareholder's equity	$ 400,314	$ 411,916
Preferred stock	23,115	23,115
Preferred stock subject to mandatory redemption	34,000	34,000
Long-term debt	427,477	449,803
	884,906	918,834
Current Liabilities:		
Short-term borrowings	60,000	27,000
Accounts payable	35,523	49,072
Accrued interest	6,164	8,414
Dividends declared	13,140	-
Accrued salaries and benefits	10,467	8,145
Other current liabilities	7,929	2,483
	133,223	95,114
Deferred Credits:		
Accumulated deferred federal income taxes	164,739	161,594
Accumulated deferred investment tax credit	50,841	51,356
Customer advances for construction	38,827	39,016
Deferred energy costs	7,707	6,001
Other	6,069	6,205
	268,183	264,172
	$1,286,312	$1,278,120

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY
STATEMENT OF INCOME
(Thousands of Dollars)

	Three Months Ended March 31,	
	1992	1991
	(unaudited)	
Operating Revenues:		
Electric	$100,508	$100,338
Gas	18,542	20,540
Water	6,670	6,355
	125,720	127,233
Operating Expenses:		
Energy Costs:		
Purchased power	26,377	23,799
Fuel for power generation	16,779	16,742
Gas purchased for resale	10,315	12,917
Deferral of energy costs - net	(696)	2,513
Other Operations	22,945	20,608
Maintenance	3,894	4,069
Depreciation	11,297	10,363
Taxes:		
Income taxes	7,664	8,170
Other than income taxes	3,528	3,241
	102,103	102,422
Operating Income	23,617	24,811
Other Income:		
Allowance for other funds used during construction	-	50
Other income - net	871	1,840
	871	1,890
Total Income	24,488	26,701
Interest Charges:		
Long-term debt	9,469	9,929
Other debt	676	1,363
Allowance for borrowed funds used during construction	(285)	(218)
	9,860	11,074
Net Income	14,628	15,627
Less Preferred Dividend Requirements	1,090	1,090
Income Applicable to Common Stock	$ 13,538	$ 14,537

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY
STATEMENT OF CASH FLOWS
(Thousands of Dollars)

	Three Months Ended March 31,	
	1992	1991
	(unaudited)	
Cash Flows From Operating Activities:		
Net income	$ 14,628	$ 15,627
Non-cash revenues and expenses included in income:		
Depreciation	11,297	10,363
Deferred taxes and investment tax credits	2,262	1,329
Allowance for funds used during construction	(285)	(268)
Deferred energy costs	(696)	2,513
Deferred interest on variable rate debt	502	-
Other non-cash	(112)	1,369
Changes in certain assets and liabilities:		
Accounts receivable - net	5,895	1,857
Materials, supplies and fuel	2,664	(4,170)
Other current assets	(999)	(1,409)
Accounts payable	(13,543)	(4,343)
Other current liabilities	5,518	6,175
Other - net	137	(864)
Net Cash Flow from Operating Activities	27,268	28,179
Cash Flows For Investing Activities:		
Additions to utility plant	(20,207)	(16,093)
Non-cash charges to utility plant	432	413
Net customer refunds for construction	(189)	(367)
Contributions in aid of construction	421	284
Net Cash Used by Investing Activities	(19,543)	(15,763)
Cash Flows From Financing Activities:		
Net increase in short-term borrowings	32,428	374
Reduction of long-term debt	(30,088)	(641)
Decrease in funds held in trust	7,892	5,003
Call premium on debt redemption	(1,377)	-
Expenses of external financing	-	(403)
Cash dividends paid	(13,090)	(12,090)
Net Cash Used by Financing Activities	(4,235)	(7,757)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,490	4,659
Beginning Balance	3,071	3,832
ENDING BALANCE IN CASH AND CASH EQUIVALENTS	$ 6,561	$ 8,491
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During Period For:		
Interest	$ 11,769	$ 11,687
Income taxes	$ -	$ 1,441

The accompanying notes are an integral part of the financial statements.

ITEM 1. NOTES TO FINANCIAL STATEMENTS

NOTE 1. MANAGEMENT'S STATEMENT

In the opinion of Company management, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position and results of operations for the periods shown. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's 1991 annual report on Form 10-K. Coopers & Lybrand, the Company's independent accountants, have performed a review of the unaudited financial statements, and their report thereon has been included on page 1.

The results of operations for the three-month period ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

NOTE 2. LONG-TERM DEBT

On March 23, 1992 the Company redeemed the $30 million principal amount of first mortgage bonds, 9-7/8% Series N due 2004, at a redemption price of 104.59%.

NOTE 3. SHORT-TERM BORROWINGS

On March 18, 1992 the Company increased its unsecured demand lines of credit from $70 million to $80 million. These lines of credit are used principally to support commercial paper borrowings and are on a fee basis with no compensating balance requirements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Nevada, the Company's primary jurisdiction, uses a marginal cost method for setting rates by customer class. As a result of this, changes in sales mix (i.e., consumption by customer class) can result in increases or decreases in revenues, irrespective of changes in total consumption.

REVENUE MARGIN
(In Thousands of Dollars)

	Three Months Ended March 31,	
	1992	1991
Operating Revenues	$125,720	$127,233
Energy Costs	(52,775)	(55,971)
Revenue Margin	$ 72,945	$ 71,262

The Company's operating revenues for the first quarter of 1992 were down by 1.2% from the first quarter of 1991. This is due primarily to unseasonably warm temperatures in 1992. Gas therm sales decreased by 6.3% from the first quarter of 1991, despite a 3.4% increase in gas customers. Electric MWh sales decreased 0.6%, despite a 2.3% increase in electric customers. These weather-related revenue decreases have offset the effects of rate increases granted to the Company in January 1992 by the Public Service Commission of Nevada (the "Nevada Commission").

Energy costs are comprised of purchased power, fuel for power generation, gas purchases and deferred energy. Average energy costs for the quarter are set forth below.

	Three Months Ended March 31,	
	1992	1991
Average cost per KWh of purchased power	3.11¢	2.79¢
Average cost per KWh of generated power	2.13¢	2.28¢
Average cost per therm of gas purchased for resale	26.01¢	30.99¢

Due to poor runoff conditions in the Pacific Northwest, the Company has been unable to purchase the low-cost, surplus hydroelectric energy produced in this region through the spot market in the quantities it has in the past. Current projections show that the availability of this low-cost power will continue to be curtailed and that what is available will be more expensive. As a result, purchased power expense for the first quarter of 1992 increased by 10.8% over the comparable period in 199., although MWh purchased decreased by 8.5%.

In order to meet its electric demand, the Company increased its MWh generated by 6.9% during the first quarter of 1992 over the first quarter of 1991. The cost of fuel for power generation, however, increased by only 0.2% due to a 6.6% decrease in the cost of generation fuel.

The cost of gas purchased for resale decreased by 20.1% in the first quarter of 1992 from the comparable period in 1991 due to a 16.1% decrease in the price of natural gas and reduced demand due to warmer weather.

First quarter 1992 deferred energy costs - net decreased from the comparable quarter in 1991 primarily because the Company is refunding larger amounts of prior overcollections of fuel-related costs in 1992 than it was in 1991. The fact that the Company is currently over-collecting, in its base tariff rates compared to its actual fuel costs, to a lesser extent than it was in 1991, is also a component in the decrease of net deferred energy costs.

Other operations expenses have increased for the three months ended March 31, 1992 over the comparable period in 1991 primarily as a result of employee wage increases and an increase in pension expense. As a result of adopting Statement of Financial Acccounting Standards No. 87, Employers' Accounting for Pensions, there were excess plan assets at the date of transition that the Nevada Commission ordered the Company to amortize over a three-year period, causing a decrease in pension expense during the amortization period. The increase in pension expense experienced this quarter was due to the excess plan assets having been fully amortized as of July 1991.

Depreciation expense during the first quarter of 1992 was 9.0% higher than during the first quarter of 1991 due to an increase in utility plant and an increase in depreciation rates as a result of the Company's 1991 general rate case.

Income taxes decreased for the quarter ended March 31, 1992 from the comparable period in 1991 due to a decrease in income before income taxes. Other taxes increased due to higher franchise fees paid to the states of Nevada and California. Income taxes reflected in operating income and other income-net are summarized below (in thousands of dollars):

	Three Months Ended March 31,	
	1992	1991
Currently payable	$ 5,130	$ 6,753
Deferred taxes - net	2,777	1,812
Investment tax credit - net	(515)	(482)
Total income taxes	$ 7,392	$ 8,083
Charged to:		
Operations	$ 7,664	$ 8,170
Other income - net	(272)	(87)
Total income taxes	$ 7,392	$ 8,083
Income before income taxes	$22,020	$23,710
Effective tax rate	33.6%	34.1%

Other income - net decreased for the quarter ended March 31, 1992 from the comparable quarter in 1991 due to drawdowns of the funds held in trust from the Company's variable rate debt financings. As the funds are used to finance qualified expenditures, there is less principal available to earn interest. Lower interest rates on invested funds also contributed to the decrease.

Lower interest rates were also primarily responsible for the 4.6% decrease in interest paid on long-term debt. The Company's variable rate, tax-exempt debt financings were able to take advantage of the lower rates. In addition, a $6.5 million first mortgage bond with an interest rate of 5% matured in May 1991 and the Company is no longer paying interest on that debt. Interest on other debt decreased by 50.4% due to substantially higher levels of short-term borrowings in the first quarter of 1991 than in the first quarter of 1992.

FINANCIAL CONDITION

During the first quarter of 1992, the Company declared two quarterly common and preferred stock dividends aggregating $26.2 million. The declaration for the second quarter, consisting of $13.1 million, was made in March but is not payable until May. As a result, the March 31, 1992 common shareholder's equity balance, which includes retained earnings, decreased from the balance as of December 31, 1991.

Water distribution operations provide 5%-6% of the Company's revenues. The Company's water service area continues to experience drought conditions that are increasing in severity. The Company has detailed many options for conservation measures, new supplies and storage in its current water resource plan, which has been filed with the Nevada Commission. The Company's role in managing the drought situation is to assist governmental entities in their decision-making by providing them with supply, demand, and conservation information and to continually search for and evaluate new water options.

LIQUIDITY AND CAPITAL RESOURCES

The Company's construction program and capital requirements for the period 1992-1996 have been discussed in the Company's annual report on Form 10-K for the year ended December 31, 1991. Estimated cash construction expenditures for 1992 and 1993-1996 are $102.5 million and $449.7 million, respectively. As of March 31, 1992, $19.5 million (19%) of the amount projected for 1992 had been expended. Of this amount, 72.5% was provided by internally-generated funds and the remainder was provided by proceeds held in trust from variable rate, tax-exempt debt financings.

In March 1992 the Company offered a voluntary early retirement plan to non-bargaining unit employees who will attain the age of 50 and have a minimum of 15 years of credited service as of June 1, 1992. A total of 75 employees are eligible for the plan and they have until May 31, 1992 to make a decision. The Company's actuaries are currently calculating the costs associated with the program and actual costs will not be known until a later date. If all eligible employees choose the offer, a preliminary estimate places the total cost at $9.4 million. However, these costs are expected to be more than offset by payroll savings over time, as the Company has committed to continuing its level of service through increased productivity and employee reassignment.

Several financing changes are planned during the remainder of 1992. The Company plans to take advantage of the current lower interest rates by converting some of its variable rate, tax-exempt financings to fixed rates. During the second quarter of 1992 the security for the Company's $39.5 million Humboldt County, Nevada, Variable Rate Demand Pollution Control Refunding Revenue Bonds Series 1987 due 2017, and its $17.5 million Washoe County, Nevada, Variable Rate Demand Gas Facilities Refunding Revenue Bonds, Series 1987 due 2017, will be changed from letter of credit arrangements to new first mortgage bonds, and the rates will be fixed at 7%.

Also during the second quarter of 1992, the Company expects to institute a medium-term note program for up to $115 million, issuable in separate series and collateralized by first mortgage bonds. The first identified use of the medium-term note program is to pay off the short-term borrowings used in March 1992 to redeem the $30 million principal amount of first mortgage bonds, 9-7/8% Series N due 2004.

In addition, the Company plans to issue $25 million of new variable rate, tax-exempt debt in the third quarter of 1992 to finance gas division construction expenditures through 1995.

In April 1992 the Company filed with the California Public Utilities Commission for permission to issue up to $50 million in preferred stock during 1992.

PART II

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits filed with this Form 10-Q:

(15) Awareness letter of independent accountants → Located at sequentially-numbered page 14.

(b) Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

For: Sierra Pacific Power Company
Sierra Pacific Power Company

Date: May 12, 1992

By: Steven C. Oldham
Steven C. Oldham
Treasurer and
Director of Finance
(Principal Financial Officer)

Date: May 12, 1992

By: Lynn M. Miller
Lynn M. Miller
Controller
(Principal Accounting Officer)

consisting of one page

Coopers
&Lybrand

certified public accountants

111 Market Street
San Francisco, California 94105

Telephone: (415) 957-3000
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May 1, 1992

Securities Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Sierra Pacific Resources
Registration on Form S-3

We are aware that our report dated May 1, 1992, on our review of interim financial information of Sierra Pacific Power Company for the three months ended March 31, 1992, and included in the Company's quarterly report on Form 10-Q for the quarter then ended is incorporated by reference in the registration statement of Sierra Pacific Resources on Form S-3 for the issuance of Common Stock (File No. 33-46150). Pursuant to Rule 436(c) under the Securities Act of 1933, this report should not be considered a part of the registration statement prepared or certified by us within the meaning of Sections 7 or 11 of that Act.

Coopers & Lybrand

San Francisco, California
May 1, 1992